

Encourage Electronic Commerce in Supplier Operations

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Overview

- Current Business Operations
- Supplier Assistance
- Using Credit Cards
- Simplified Acquisition
 - CPSR Changes
- Summary



Current Business Operations

- DoD Business Operations awash in Paper
 - DFAS Processed over 5.6M Invoices in FY 96
 - Need Recognized to Reduce Paper-Work Burden
- Electronic Commerce Technologies under development:
 - Internet / World Wide Web
 - Electronic Document Access & Management
 - Electronic Data Interchange (EDI)



Current Business Operations

continued

- DoD Goal is to be Paperless by turn of Century
 - Currently Over 31 DoD Computer Systems
 - Contract Administration, Payment, Auditing, etc.
- Redundant/Ancient Systems Must be Reduced/Replaced
 - Implement Standard Procurement & Payment Systems
 - Develop Electronic Linkages for all Phases of Acquisition
 - Promote use of Electronic Funds Transfer



Supplier Assistance

- DCMC Objective to identify and eliminate any impediments to Supplier use of Electronic Commerce
 - Encourage Suppliers to automate purchasing, payment, and auditing, etc.
- Supplier purchasing systems established prior to Federal Acquisition & Reform Acts (FASA & FARA)
- Maximize use of electronic methods
 - Implement Standard Procurement & Payment Systems
 - Integrate all Phases of Purchasing
 - Utilize Electronic Fund Transfers for Prompt payment credit



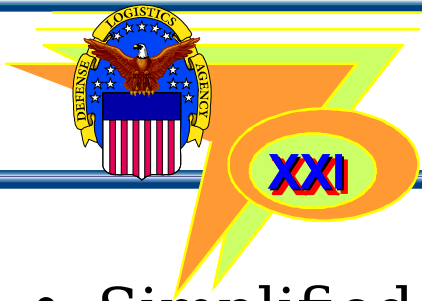
Using Credit Cards

- Government IMPAC Card is a commercial VISA
 - Used for Official Purchases
- Efficient and Less Costly
 - Method to Purchase Goods & Services
 - Internal Costs cut by Half vs. Purchase Order



Using Credit Cards

- Navy Study Found Delivery Time Reduced
 - 30 or More Days to Six Days
- Defense Supply Center, Columbus Reduced Purchase Costs
 - Discounts of 20% to 40% for Parts Catalog Purchases



Simplified Acquisition

- Simplified Acquisition Threshold Set at \$100K for Government
 - Eliminates most Paperwork & Record Keeping
 - Does not apply to subcontracts placed by contractors
- Simplified Acquisition Procedures include:
 - Government-wide Purchase Card (i.e., IMPAC Card)
 - Blanket Purchase Agreements
 - Impress Fund
 - Delivery & Purchase Orders
- Micro Purchase Threshold for Government is \$2.5K
 - Primary Method to buy is IMPAC Card



Simplified Acquisition

- Simplified Rules for Suppliers Less Defined
 - Four clauses (i.e., FAR 52.213-1, -2, -3 & -4)
 - Part 13 is regulation for Government contracting officers, but it is not directive for Suppliers
- DCMC CPSR Analysts to encourage Supplier use of Electronic Commerce.
 - FAR requirement is to ensure effective and efficient purchasing system.
 - Objective is to encourage use of Electronic Commerce as an effective and efficient method.



CPSR Position

- FAR said review 10% of \$25K small purchase threshold
 - $\$25K \times 10\% = \$2.5K$ purchase orders and up subject to review.
 - This wording no longer present.
 - FAR small order purchase threshold has been increased to \$100K.
 - If minimum size order reviewed is now simply a matter of practice, it should be consistent in all CPSR reviews.
- Encourage suppliers to voluntarily adopt use of Electronic Commerce
 - No threshold currently specified in Government policy
 - Greatest ROI anticipated on low dollar purchases, ($<\$10K$)



More Use Of Electronic Technologies

- Encourage Supplier Electronic Commerce Pilots
 - DCMC approached by Army Space & Missile Defense Command
 - Approach Three important Suppliers in the Huntsville, AL area
- Purpose of pilots is to explore and promote wider use of electronic commerce between primes and their vendors
 - Credit cards,
 - Electronic bulletin boards,
 - Oral solicitations and proposals.



Summary

- DCMC wants to promote Supplier Electronic Commerce
 - ECRC can help
 - Work with customers and suppliers to eliminate barriers
 - Perceived (*that's the way we've always done it*)
 - Real (*Single Process Initiative can help*)

